Company Number 1597821

Deloitte & Touche

MITIE PROPERTY INVESTMENTS LIMITED

Report and Financial Statements

31 March 2000



Deloitte & Touche
Queen Anne House
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MITIE PROPERTY INVESTMENTS LIMITED

Deloitte & Touche

REPORT AND FINANCIAL STATEMENTS 2000

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D M Telling
Mrs R E Thornton

SECRETARIES

A F Waters
M O Thomas (resigned 4 May 2000)
C K Ross (appointed 4 May 2000)

REGISTERED OFFICE

The Stable Block
Barley Wood
Wrington
Bristol
BS40 5SA

BANKERS

HSBC Bank plc
49 Corn Street
Bristol
BS99 7PP

AUDITORS

Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 March 2000.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company owns freehold and leasehold properties, which in general are let to members of the group.

The company's business developed satisfactorily and the directors consider that the company is in a position to continue satisfactorily in the future.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £16,521 (1999: loss of £33,675). The directors do not propose the payment of a dividend and recommend that £16,521 (1999: transferred from reserves £33,675) be transferred to reserves.

The company enjoys the support of its parent undertaking.

FIXED ASSETS

Details of movements in fixed assets during the year are set out in Note 5 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

D M Telling
Mrs R E Thornton
W E Harding (resigned 16 September 1999)

No director had an interest in the share capital of the company.

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS (continued)

Mr D M Telling is a director of MITIE Group PLC, the parent undertaking, and his interests in the share capital of that company are shown in the financial statements of MITIE Group PLC.

Other directors' interests in the share capital of MITIE Group PLC are as follows:

	31 March 2000 5p Ordinary shares No.	1 April 1999 5p Ordinary shares No.
Mrs R E Thornton	513,470	713,470

PAYMENT POLICY

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to adhere with the supplier's standard terms.

YEAR 2000

The year 2000 project completed all critical milestones well within the project timescale and all the primary business systems have completed both the millennium rollover and leap year rollover without any issues. Although these critical dates have been successfully passed, the Executive Steering Committee is not being complacent in considering the possible impact from latent problems outside the control of MITIE.

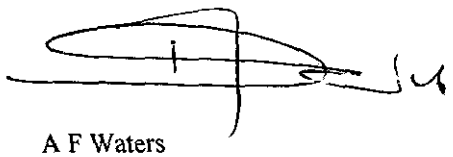
We have made considerable effort in determining the compliance of critical players in our suppliers/customer chain and are confident of continued trouble free operation.

The year 2000 project team will remain operational, with suitable contingency plans, until it is considered that sufficient time has passed for all possible external issues to be identified and resolved.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



A F Waters
Secretary

11 August 2000

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Deloitte & Touche

AUDITORS' REPORT TO THE MEMBERS OF

MITIE PROPERTY INVESTMENTS LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

14 August 2000

Deloitte & Touche

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2000

	Notes	Continuing operations 2000 £	1999 £
Rents receivable		656,331	538,029
Administrative expenses		(280,643)	(205,146)
OPERATING PROFIT	2	375,688	332,883
Interest payable	3	(300,134)	(331,145)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		75,554	1,738
Tax on profit on ordinary activities	4	(59,033)	(35,413)
RETAINED PROFIT/(LOSS) FOR THE YEAR	10	16,521	(33,675)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 March 2000

	2000 £	1999 £
Profit/(loss) for the financial year	16,521	(33,675)
Depreciation adjustment	-	8,985
TOTAL RECOGNISED GAINS AND LOSSES	16,521	(24,690)

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 31 March 2000

	2000 £	1999 £
Profit on ordinary activities before taxation	75,554	1,738
Realisation of property revaluation losses	(23,757)	(1,650)
Difference between a historical cost depreciation charge on revalued assets and the actual depreciation charge for the year calculated on the revalued amount	(10,856)	8,985
Historical cost profits on ordinary activities before taxation	40,941	9,073
Historical cost losses for the year retained after taxation	(18,092)	(26,340)

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BALANCE SHEET
At 31 March 2000

	Notes	2000		1999	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		6,108,699		5,420,829
CURRENT ASSETS					
Debtors	6	31,246		31,313	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(6,275,807)		(5,604,525)	
NET CURRENT LIABILITIES			(6,244,561)		(5,573,212)
NET LIABILITIES			(135,862)		(152,383)
CAPITAL AND RESERVES					
Called up share capital	8		300		300
Revaluation reserve	9		(562,780)		(591,766)
Profit and loss account	9		426,618		439,083
TOTAL EQUITY SHAREHOLDERS' FUNDS	10		(135,862)		(152,383)

These financial statements were approved by the Board of Directors on 11 August 2000.

Signed on behalf of the Board of Directors



D M Telling
Director

CASH FLOW STATEMENT
Year ended 31 March 2000

	Notes	2000		1999	
		£	£	£	£
Net cash inflow from operating activities	11		607,656		491,095
Returns on investments and servicing of finance					
Interest paid			(289,808)		(332,645)
Taxation					
UK corporation tax paid			(48,877)		(43,623)
Capital expenditure					
Payments to acquire tangible fixed assets		(983,027)		(1,096,558)	
Receipts from disposal of tangible fixed assets		223,039		50,000	
Net cash outflow from capital expenditure			(759,988)		(1,046,558)
Decrease in cash in the year	13		(491,017)		(931,731)

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention, as modified for the revaluation of freehold and leasehold properties, and are prepared in accordance with applicable accounting standards.

Tangible fixed assets and depreciation

Tangible fixed assets are, stated at cost or valuation, less depreciation. Land is not depreciated. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	50 years
Leasehold buildings	terms of the lease
Plant	10 years

Deferred taxation

Provision is made for deferred taxation using the liability method in respect of timing differences to the extent that liabilities will crystallise in the foreseeable future.

2. OPERATING PROFIT is stated after charging/(crediting):

	2000 £	1999 £
Depreciation	96,474	81,599
Auditors' remuneration - audit services	750	706
Loss on disposal of tangible fixed assets	38,700	37,203

3. INTEREST PAYABLE

	2000 £	1999 £
Interest payable on bank borrowings repayable within five years	300,134	331,145

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
UK current year taxation		
UK corporation tax at 30% (1999: 31%)	60,000	36,000
Over provision in previous year	(967)	(587)
	59,033	35,413

The tax charge is higher than anticipated due to permanent differences arising on properties, which do not attract tax relief.

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

5. TANGIBLE FIXED ASSETS

Summary	Freehold properties £	Long leasehold properties £	Plant £	Total £
Cost or valuation				
At 1 April 1999	4,798,526	800,301	131,976	5,730,803
Additions at cost	1,000,661	45,422	-	1,046,083
Disposals	(204,796)	(70,000)	-	(274,796)
At 31 March 2000	5,594,391	775,723	131,976	6,502,090
Depreciation				
At 1 April 1999	197,814	46,309	65,851	309,974
Charge for the year	70,676	13,163	12,635	96,474
Disposals	(7,403)	(5,654)	-	(13,057)
At 31 March 2000	261,087	53,818	78,486	393,391
Net book value				
At 31 March 2000	5,333,304	721,905	53,490	6,108,699
At 31 March 1999	4,600,712	753,992	66,125	5,420,829
Comparable amounts determined according to the historical cost convention	**£**	**£**	**£**	**£**
Cost	6,226,342	754,131	131,976	7,112,449
Accumulated depreciation	313,035	49,479	78,486	441,000
Net book value				
At 31 March 2000	5,913,307	704,652	53,490	6,671,449
At 31 March 1999	5,180,724	760,497	66,125	6,007,346

The historical cost of the properties at 31 March 2000 was £6,980,473 (1999: £6,232,953). Land amounting to £2,131,659 is not depreciated.

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

5. TANGIBLE FIXED ASSETS (continued)

Analysis of properties	2000 £	1999 £
Land and buildings at cost or valuation are stated:		
- at open market value for existing use in 1995	3,370,000	3,440,000
- at cost	2,982,660	2,158,827
	6,352,660	5,598,827

In accordance with the transitional rules of FRS15, assets which were revalued in prior years have not been revalued during the year. The carrying value relating to the previous valuation performed as at 31 March 1995 has been carried forward in this year's accounts.

6. DEBTORS

	2000 £	1999 £
Amounts owed by parent undertaking and fellow subsidiary undertakings	20,147	20,212
Prepayments and accrued income	11,099	11,101
	31,246	31,313

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank overdraft	5,892,130	5,401,113
Amounts owed to parent undertaking and fellow subsidiary undertakings	100	568
Corporation tax	46,154	36,000
VAT	43,777	-
Other creditors	81,186	9,612
Accruals	212,460	157,232
	6,275,807	5,604,525

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

8. CALLED UP SHARE CAPITAL

	2000	
	No.	£
Authorised		
£1 Ordinary shares	1,000	1,000

	2000	1999
	£	£
Allotted and fully paid		
£1 Ordinary shares	300	300

9. RESERVES

	Revaluation reserve	Profit and loss account
	£	£
At 1 April 1999	(591,766)	439,083
Transfer of amount equivalent to depreciation on revalued assets	10,856	(10,856)
Retained profit for the year	-	16,521
Transfer of realised revaluation reserve in respect of disposal of tangible fixed asset	18,130	(18,130)
At 31 March 2000	(562,780)	426,618

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit/(loss) for the financial year	16,521	(33,675)
Other recognised gains and losses relating to the year	-	8,985
Net addition/(reduction) in shareholders' funds	16,521	(24,690)
Opening shareholders' funds	(152,383)	(127,693)
Closing shareholders' funds	(135,862)	(152,383)

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

11. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	375,688	332,883
Depreciation charges	96,474	90,584
Loss on disposal of tangible fixed assets	38,700	37,203
Decrease in debtors	67	4,518
Increase in creditors	96,727	25,907
Net cash inflow from operating activities	607,656	491,095

12. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 1999 £	Cash flows £	At 31 March 2000 £
Bank overdraft	(5,401,113)	(491,017)	(5,892,130)

13. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000 £	1999 £
Decrease in cash in the year	(491,017)	(931,731)
Change in net debt resulting from cash flows	(491,017)	(931,731)
Net debt at 1 April	(5,401,113)	(4,469,382)
Net debt at 31 March	(5,892,130)	(5,401,113)

14. FINANCIAL COMMITMENTS

Commitments on behalf of group undertakings

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts. As at 31 March 2000, the overall commitment was nil.

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

15. DIRECTORS AND EMPLOYEES

The company had no employees during the year (1999: nil). The directors received no remuneration from the company during the year (1999: nil). The directors are directors of other MITIE group companies and their remuneration is shown in those accounts. It is not practicable to allocate their remuneration between their services as directors of MITIE Property Investments Limited and their services as directors of other group companies.

16. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of MITIE Group PLC, MITIE Property Investments Limited has taken advantage of the exemption from the requirement to disclose related party transactions with MITIE Group PLC and companies within the group.

17. PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard MITIE Group PLC, a company registered in Scotland, as the company's ultimate parent undertaking and controlling party. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.